



JOHN CHIANG
California State Controller

May 23, 2013

David Wain Coon, Ed.D.,
Superintendent/President
Marin Community College District
835 College Avenue
Kentfield, CA 94904

Dear Dr. Coon:

The State Controller's Office reviewed the costs claimed by Marin Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, Second Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2008, through June 30, 2011. Our review was limited to validating the authorized health service fees that the district reported.

The district claimed \$287,387 for the mandated program. Our review found that \$227,013 is allowable and \$60,374 is unallowable. The costs are unallowable because the district understated authorized health service fees, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 2008-09 claim, the State paid the district \$140,221. Our review found that \$107,348 is allowable. The State will offset \$32,873 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2009-10 claim, the State paid the district \$110,453. Our review found that \$43,920 is allowable. The State will offset \$66,533 from other mandated program payments due the district. Alternatively, the district may remit this amount to the State.

For the FY 2010-11 claim, the State made no payment to the district. Our review found that \$75,745 is allowable. The State will pay that amount, contingent upon available appropriations.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/vb

Attachments

RE: S13-MCC-914

cc: Peggy Isozaki, Director of Fiscal Services
Marin Community College District
Ed Hanson, Principal Program Budget Analyst
Education Systems Unit, California Department of Finance
Mario Rodriguez, Finance Budget Analyst
Education Systems Unit, California Department of Finance
Christine Atalig, Specialist, College Finance and Facilities Planning
California Community Colleges Chancellor's Office
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2008, through June 30, 2011

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Salaries and benefits	\$ 302,791	\$ 302,791	\$ —
Services and supplies	—	—	—
Total direct costs	302,791	302,791	—
Indirect costs	100,744	100,744	—
Total direct and indirect costs	403,535	403,535	—
Less authorized health service fees	(263,314)	(296,187)	(32,873)
Total program costs	<u>\$ 140,221</u>	107,348	<u>\$ (32,873)</u>
Less amount paid by the State		(140,221)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (32,873)</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits	\$ 179,733	\$ 179,733	\$ —
Services and supplies	113,003	113,003	—
Total direct costs	292,736	292,736	—
Indirect costs	59,743	59,743	—
Total direct and indirect costs	352,479	352,479	—
Less authorized health service fees	(281,058)	(308,559)	(27,501)
Total program costs	<u>\$ 71,421</u>	43,920	<u>\$ (27,501)</u>
Less amount paid by the State		(110,453)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (66,533)</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 206,118	\$ 206,118	\$ —
Services and supplies	115,747	115,747	—
Total direct costs	321,865	321,865	—
Indirect costs	72,554	72,554	—
Total direct and indirect costs	394,419	394,419	—
Less authorized health service fees	(318,674)	(318,674)	—
Total program costs	<u>\$ 75,745</u>	75,745	<u>\$ —</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 75,745</u>	

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>Summary: July 1, 2008, through June 30, 2011</u>			
Direct costs:			
Salaries and benefits	\$ 688,642	\$ 688,642	\$ —
Services and supplies	228,750	228,750	—
Total direct costs	917,392	917,392	—
Indirect costs	233,041	233,041	—
Total direct and indirect costs	1,150,433	1,150,433	—
Less authorized health service fees	(863,046)	(923,420)	(60,374)
Total program costs	\$ 287,387	227,013	\$ (60,374)
Less amount paid by the State		(250,674)	
Allowable costs claimed in excess of (less than) amount paid		\$ (23,661)	

¹ See Attachment 2, Finding and Recommendation.

Attachment 2— Finding and Recommendation July 1, 2008, through June 30, 2011

**FINDING—
Understated authorized
health service fees**

The district understated authorized health service fees by \$60,374.

Mandated costs do not include costs that are reimbursable from authorized fees. Government Code section 17514 states that “costs mandated by the state” means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

Education Code section 76355, subdivision (c), states that health fees are authorized for all students except those who: (1) depend exclusively on prayer for healing, or (2) are attending a community college under an approved apprenticeship training program. The California Community Colleges Chancellor’s Office (CCCCO) identified the fees authorized by Education Code section 76355, subdivision (a). The following table summarizes the authorized fee per student:

Fiscal Year	Authorized Health Fee Rate	
	Summer Session	Fall/Spring Semester
2008-09	\$14	\$17
2009-10	14	17
2010-11	14	17

We obtained student enrollment data from the CCCCCO. The CCCCCO identified enrollment data from its management information system (MIS) based on student data that the district reported. The CCCCCO identified the district’s enrollment based on MIS data element STD7, codes A through G.

The following table shows the authorized health service fee calculation and review adjustment:

	Period			
	Summer Session	Fall Semester	Spring Semester	Total
Fiscal Year 2008-09:				
Number of enrolled students	2,948	7,921	7,074	
Authorized health fee rate	× \$(14)	× \$(17)	× \$(17)	
Authorized health service fees	<u>\$ (41,272)</u>	<u>\$ (134,657)</u>	<u>\$ (120,258)</u>	\$ (296,187)
Less authorized health service fees claimed				<u>263,314</u>
Review adjustment, FY 2008-09				<u>(32,873)</u>
Fiscal Year 2009-10:				
Number of enrolled students	2,377	7,143	9,050	
Authorized health fee rate	× \$(14)	× \$(17)	× \$(17)	
Authorized health service fees	<u>\$ (33,278)</u>	<u>\$ (121,431)</u>	<u>\$ (153,850)</u>	(308,559)
Less authorized health service fees claimed				<u>281,058</u>
Review adjustment, FY 2009-10				<u>(27,501)</u>
Total review adjustment				<u>\$ (60,374)</u>

Recommendation

We recommend that the district deduct authorized health service fees from mandate-related costs claimed. To properly calculate authorized health service fees, we recommend that the district identify the number of enrolled students based on MIS data element STD7, codes A through G. In addition, we recommend that the district maintain documentation that identifies any students the district excludes from the health service fee based on Education Code section 76355, subdivision (c)(1).